

REAL ESTATE

Luxury real estate boom will continue: Sotheby's International Realty

February 4, 2021



The report elaborates on trends expected to continue, including amenity prioritization. Image credit: Sotheby's International Realty

By KATIE TAMOLA

Global wealth and pandemic trends are expected to persist in 2021, according to a new report from Sotheby's International Realty.

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Sotheby's International Realty's "[Luxury Outlook 2021](#)" reports that 63 percent of respondents said they expected luxury home prices to increase over the next three years. COVID-19 effects will continue to be felt with buyers specifically seeking out private outdoor space or additional square footage for remote work.

"I think of primary note is how resort and second home markets are attracting so many full-time residents," said Bradley Nelson, chief marketing officer of [Sotheby's International Realty](#), New York. "A major impediment to purchasing a second home for many was the ultimate question of how much time they could use it.

"As many companies are adopting permanent or hybrid work from home policies, we're seeing a new pool of buyers acquire property in their dream locations, or speeding up their purchase of their retirement homes," he said. "Our outlook finds that the interest in resort and emerging markets will remain driving force for the next year, if not longer."

Pandemic trends continue

Sotheby International Realty notes that the recent boom in luxury home sales is promising. The COVID-19 pandemic has affected everyone in the market as city dwellers are migrating to suburbs, baby boomers are retiring, and millennials are seeking properties in more affordable cities.

In terms of geographic location, in the United States alone, there are 89,630 luxury buyers who are worth \$50 million or more, in the United States. There are 22,417 luxury buyers in China and 6,702 in Germany.

More than 70 percent of the agents affiliated with Sotheby's International Realty reported heightened demand at the end of 2020. One-third of the agents expect sales to increase in the first half of 2021.



Sotheby's International Realty releases "Luxury Outlook 2021." Image credit: Sotheby's International Realty

The report states that luxury buyers are consistently seeking amenities that include private outdoor space, nearby parks and additional square footage for remote work or education.

Growth is expected to continue as home buyers take advantage of "rock-bottom mortgage rates," particularly in resurgent markets.

According to the report, in Westchester County, north of New York City, sales were up 56 percent in December compared to the previous year. The Hamptons has also reportedly transformed from a beach town to a year-round community.

Companies offering the ability to work from home has many buyers reconsidering their living situations, leading to private island interest booming. Some Sotheby's International Realty agents who have listings among the Thimble Islands, an archipelago made up of over 300 private islands off the coast of Branford, CT, are reporting that inquiries have nearly doubled.



Private and sustainably-built homes are becoming more desirable. Image credit: Sotheby's International Realty

The report notes that the more accessible the private island, the more appealing it is. Private islands have become more desirable amid the pandemic as many ultra-high-net-worth individuals have more flexibility in their careers due to remote work.

Other "super luxury" markets showing strong growth include Auckland, New Zealand; Singapore; California's Marin and Santa Clara counties and Tel Aviv.

What could remain

Sustainability is also on the forefront of buyers' minds. High-end builders and developers are recognizing that buyers are more interested in choosing sustainable, locally sourced materials, and properties that offer environmentally friendly amenities.

Sustainability and green architecture are now routinely included in high-end remodeling plans, after years of being dismissed as out of reach or extreme. Consumers want solar panels, induction stove tops and greater energy efficiency ([see story](#)).

Practicing sustainability will soon be seen as the bare minimum for luxury brands, but embracing environmentally-minded policies can build long-term value. The COVID-19 pandemic accelerated innovation within the luxury industry, making sustainability even more of a cornerstone for brands ([see story](#)).

"I believe the pandemic has caused all of us to reevaluate our living situations," Mr. Nelson said. "As work from home policies become increasingly prevalent, I think the needs of working from a dining room table, or having ample space for kids to play, or a workout area won't go away immediately following the pandemic."

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